# FOREIGN AGRICULTURE

Harvesting wheat in France

## What Is Ahead for French Agriculture

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# France's Agriculture—1975 In Review and a Look Ahead

By KENNETH E. OGREN
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FRANCE—West Europe's No. 1 producer and exporter of farm products—ran into some bad weather last year and consequent setbacks in major crops like grains, fruits, and vegetables. A strong recovery could be in the making for 1976, however, given the French farmers' interest in maximizing profits after their unsatisfactory 1975 showing and the French Government's determination to assist and protect its farmers wherever possible.

At the same time, France will continue to hold forth as both a leading importer of U.S. farm products and a tough U.S. competitor in the agricultural export market.

Last year, for instance, the United States shipped $412 million worth of farm products to France, down considerably from the record $492 million sold in 1974 but still enough to make France a major U.S. farm market in Western Europe. And when one considers the U.S. products transhipped from other countries to France—up to 10 percent in some years—the "real" U.S. exports to France approach or exceed $500 million. Soybeans and soybean meal are the key to this strong showing, since they alone account for about half the value of U.S. farm exports to France.

On the other hand, France has expanded its own shipments to the point where it now ranks second only to the United States as an agricultural exporter. Last year, these exports were worth approximately $8 billion, compared with the $21.9 billion shipped by the United States. And this trade comes from a country that has only a fourth the U.S. population and a tenth the cropland.

In addition to its roles as rival farm exporter and major U.S. market, France holds still another important position—that of agricultural policy leader in the European Community. As the chief architect—and defender—of the EC's Common Agricultural Policy (CAP), France contributed to the past decade's rapid expansion in EC farm production and trade. And now it is having extensive input into the EC positions taken in the Multilateral Trade Negotiations (MTN) underway in Geneva. These positions, of course, are often quite different from those taken by the United States.

A look at French agricultural results last year, prospects for 1976 and beyond, and policy roles, follows.

## The Year 1975

Last year was a disappointing one for French farmers. While there had been some poor crops in 1974, 1975 saw more widespread setbacks, as reflected in lower "real" incomes and declines in exports. Given the EC system of price guarantees, prices would have been practically at the same levels had the harvests been bountiful. The total impact of reduced harvests on farmers' returns is thus greater in France than in a country like the United States where farm-product prices are more directly related to supply and demand.

In 1975, widespread spring frosts followed exceptionally mild winter weather (when temperature hit up to 70°F several times in February), almost totally wiping out certain fruits. Winter grains got off to a bad start because of extremely wet planting conditions in the fall and early winter of 1974/75. Later, summer drought had an even more serious impact on practically all major crops—including cereal grains, corn, sugarbeets, and potatoes—as well as on pastures. Generally dry weather continued into the fall, so harvest conditions were much improved over the previous year's but the damage had already been done.

This adverse weather led to setbacks in French **grains**—mainly wheat, barley, and corn, which together rank as the

*Far left, harvesting grain on a French farm; left, tomatoes for sale in a local market; and below, a typical vineyard near a small French village. Output of these and other crops was generally off in 1975, but farmers, aided by protective EC and French Government farm policies, are pressing for expanded output in 1976.*

country's leading crop and agricultural export. Total grain production last year dropped 14 percent to 35.7 million metric tons from 41.4 million in 1974.

French consumption of grains (food, feed, and industrial use) has been relatively stable in recent years, at around 24-25 million tons, in contrast to some wide U.S. consumption swings caused by fluctuating use of grain as animal feed. Thus, a decline in French grain production means a much larger drop in export potential, which in 1975, for instance, fell about 40 percent.

Soft wheat is the major French grain, with the 1975 crop of 14.2 million tons totaling more than a third of total output. Soft wheat also was the biggest loser among the grains last year as decreased plantings and lower yields together reduced output 18 percent below the record 1973/74 level.

Barley is France's second most important grain, followed closely by corn, whose acreage and yields had been in a sharp upward trend until the early 1970's. Recent years, however, have seen some setbacks in the corn output, and 1975 was the third bad year out of four as production dropped to 8.1 million tons—well below the 1973 high of 10.6 million.

Producers of **beet sugar**—an increasingly important French export—in 1975 continued their rapid expansion of recent years, with plantings up by 10 percent. However, adverse weather conditions cut beet yields to the lowest level since 1964 and sugar content to the lowest since 1947. Consequently, production in 1975 turned out to be only around 2.9 million tons instead of the projected 3.6 million.

Production of France's major oilseed crop, **rapeseed,** was down 20 percent in 1975 from the previous year's owing to reduced plantings and lower yields.

Because of the killing spring frosts, **peach** production last year was only one-fifth of a normal crop. Nectarines and apricots also suffered heavy losses. The prune crop was almost wiped out by frosts—with a production of only 550 tons, compared with a record 22,000 tons in 1974. And walnut production also declined, despite a relatively small crop the previous year.

Apples were an exception to the general rule, with a record crop of over 2 million tons that was actually too large for available commercial outlets.

**Wine** production was down sharply in 1975, dropping 15 to 20 percent below the high levels of the 2 previous years. This lower outturn may help, at least in the short run, to control the country's chronic oversupply of wine, especially of lower quality wines. However, the economic conditions of many small wine producers in 1975 were among the worst of any agricultural sector, and prospects for early improvement are not bright.

Overall, French **livestock production** was relatively stable in 1975. Pork production, with a 3 percent rise, continued a long-term upward trend, although French pork imports are still sizable—about 15 percent of domestic production. Beef production declined about 1 percent last year, but still stayed at an historically high level following an unprecedented increase of 26 percent in 1974. France is an exporter of beef, ranking fifth, worldwide. The upward trends in broiler and turkey production were reversed in 1975, although egg production continued to climb.

In contrast to a gradual increase of around 2 percent in recent years, milk production was unchanged—probably because of the below-normal pasture condition resulting from drought.

Following a 15 percent drop in per farm "real" income (adjusted for inflation) in 1974, French farm leaders pushed hard throughout 1975 for Government financial aids that would boost

incomes enough in 1975 to at least partially offset 1974 losses.

The Government responded with direct payments to farmers of more than 5 billion francs (of which about 3 billion were "exceptional" subsidies granted as a special aid to farmers' incomes). Yet farmers ended up with no actual improvement in their incomes: their cash income increased an estimated 8 percent in current francs, but declined about 1-2 percent after subtraction of changes in farmers' purchasing power and in number of farmers per farm.

From a production-cost standpoint, inflationary pressures continued in 1975, although at a less explosive rate than between 1973 and 1974. In 1974, the price index of farm production input items rose by 24 percent, whereas by 1975 the rate of gain had slowed to an estimated 8 percent.

These high inflation rates caused the overall "cash" position of French farmers to deteriorate sharply between 1973 and 1975 (following favorable results in 1973). During this time, the total cost of production inputs rose by a larger amount (11.7 billion francs) than did value of production (10.3 billion francs). When the increase of almost 4 billion francs in taxes and other expenses is added, even the increase in Government payments of almost 4 billion francs was not sufficient to keep net income from production in current francs from declining between 1973 and 1975. (The consumer price index rose 15 percent in 1974 and 10 percent in 1975.)

Last year also saw some reversals in French farm trade bring an end to the previously strong growth in France's agricultural trade balance.

That expansion, which began after implementation of the EC's CAP, moved French exports of agricultural products from F9 billion in 1967 to a record F39 billion in 1974. Imports also rose during this period, but at a markedly slower rate. As a result, the trade balance for agriculture moved from a deficit of F1.6 billion in 1967 to a surplus of F9.4 billion in 1974.

The agricultural trend was reversed in 1975, however, as the trade surplus was cut in half, to F4.7 billion. Exports dropped about 9 percent in value to F35.5 billion—primarily because of a 32 percent drop in grain exports, while imports rose by 7 percent.

Despite the overall increase in French agricultural imports last year, those from the United States fell around 15 percent in value as a result of sharp declines in imports of soybeans and soybean meal. Total French imports of these products were down somewhat but the major factor was Brazil's expanded share of the market.

## 1976 And Beyond

Forecasting the future is hazardous at best and especially so in agriculture, given the uncertainties of weather. Should weather in 1976 return to normal, harvests of grain could easily reach, or exceed, the peak 43 million tons produced in 1973, the best year in French agricultural history. So far, weather has favored the crop with excellent planting and growing conditions for winter grains.

In addition, French farmers are likely to make strong production efforts in 1976, and there appear to be no great problems in obtaining production inputs or credit. On the other hand, inflation can be expected to boost unit costs of inputs and further pressure farmers to find ways to improve their efficiency, (although fertilizer prices were down slightly at the end of 1975).

In the longer run, there is a strong potential for continued growth in French agricultural production and exports, despite the reverses of the last 2 years. But this potential will not be realized automatically or without sometimes-painful adjustments.

French agriculture is filled with contrasts. There are large regional and product differences in average farm incomes. The net income per farm family worker (full-time equivalent) in 1974 varied from a high of around F97,000 in the Paris Basin to a low of about F9,000 in the mountainous areas of the Massif-Central and the Alps.

In general, grain and sugarbeet farmers in the northern plains of France are best organized structurally and have benefited most from EC agricultural policies. Grain farms in northern France are generally large and highly mechanized. Yields have increased significantly in the last 15 years or more.

Between 1965 and 1974, the value of French production represented by crops increased from 41 to 45 percent, with grains' share of total value rising from 13 to 17 percent. Wine accounts for about 10 percent of total value of agricultural production, but because of chronic surplus problems—and Government restrictions on plantings—expansion here seems unlikely.

In the future, France may have to look more to livestock production for agricultural expansion, since it is now running up against limitations in land surface for crop production.

Beef and dairy production combined already make up the largest agricultural sector in France. In 1975, production of beef, veal, and milk accounted for a third of the total value of France's agricultural production. Milk and milk products, although declining somewhat relative to beef, still represent half of the total value coming from this sector. In addition, France's beef production comes mainly from its dairy herds since about three-fourths of France's 12 million cows are classified as dairy cows. In contrast, the U.S. ratio is almost 4 to 1 in favor of beef cows.

The market outlook for French dairy products does not appear overly bright,

TRENDS IN FRANCE'S TOTAL FARM INCOME, 1972-75[1]
[In billion francs]

| Item | 1972 | 1973 | 1974 | 1975[2] |
|---|---|---|---|---|
| Sales value of agricultural production | 90.8 | 108.6 | 113.7 | 118.9 |
| Subsidies (from French Government) | 1.4 | 1.5 | 4.2 | 5.4 |
| Total | 92.1 | 110.1 | 117.9 | 124.3 |
| Production input costs | 30.6 | 37.2 | 46.9 | 48.9 |
| Taxes and other expenses | 15.7 | 18.0 | 19.1 | 22.0 |
| Net income from production | 45.7 | 54.9 | 51.9 | 53.4 |
| Inventory adjustment | —.2 | —2.7 | —.3 | 2.5 |
| Net cash resources (income) | 45.6 | 52.2 | 51.6 | 55.9 |

[1] Values may not add because of rounding. [2] Preliminary.

NOTE: The relationship between dollars and francs during 1972-75 has varied from one dollar equaling 5 francs or more in 1972 to less than 4 francs at certain periods in 1973 and 1975. In mid-February 1976, US$1 equaled 4.5 francs.

Source: French National Accounts.

considering the recurring surpluses—especially of butter and nonfat dry milk—in the European Community and other dairy producers.

The longer term outlook for beef appears much brighter, with chances not only for increasing beef consumption in France, but also for expanding exports to European neighbors. France appears better positioned than any other West European country to take advantage of an expanded market for beef, considering its large cattle herd to produce calves and the considerable land surface suitable and available for forage and feed production. At present, France exports a sizable share of its calves to Italy and other countries that are also net importers of feedstuffs.

Greater emphasis on beef production would require major structural changes. At present, the size of most cattle herds, although increasing, is simply too small (an average of 12 cows) to give acceptable incomes to cattle producers. France's milk production per cow is substantially below that of EC countries like the Netherlands, Denmark, and the United Kingdom. Thus, to put its cattle industry on a sounder economic basis, France must reduce the total number of dairy cows in favor of beef herds, increase productivity per cow, and markedly increase the average size of both its dairy and beef herds.

Structural adjustments in the cattle industry can also come through a shift to part-time farming, but such a change would hinge on increased income opportunities from off-farm employment, that, in turn, would depend on economic growth and regional development in the nonfarm sectors.

Other areas of livestock production appear to offer potential for expansion. As noted earlier, France remains a deficit producer of pork, as well as sheep and lamb. France is moving toward larger scale production in pork and poultry but has lagged behind several of its West European neighbors.

Continued expansion in French production of corn for grain is questionable in view of the disappointing crop results of recent years. Climatic conditions are often risky for maturation of the crop, especially in northern France, where moisture content often reaches 30 percent or more. However, acreage in corn for silage could be (and already has been expanded for production of beef in feedlots.

If French agriculture is oriented toward expansion of beef and other livestock products, and if the French economy regains its strong growth performance of 1969-74, prespects will be good for a resumption of growth in U.S. farm-product exports to France. The major potential sources of expansion are soybeans and soybean meal to supply France's major agricultural deficit—protein meal for animal feeds.

At present, France imports 85 percent of its protein meals, and around 70 percent of its imported protein comes from soybeans and soybean meal. To reduce this dependence, the Government has encouraged production of soybeans in southwest France (See March 17, 1975, issue of *Foreign Agriculture*). However, results thus far have lagged behind schedule, and prospects appear dim for a sizable production in the foreseeable future.

United States cotton lost its prominent place in the French market in the late 1960's and in 1975 had only a 7 percent share, compared with 40 percent held by the USSR. With an increase in exportable supplies of U.S. cotton at competitive world prices, the U.S. share of the French cotton market could rebound somewhat.

A wide range of other products make up U.S. exports to France, among which variety meats are the most important. These promise to continue large because of French preferences for these products and the low prices of imported variety meats vis-a-vis costly domestic red meats. Also, although an important exporter of soft wheats, France also imports high-quality hard and Durum wheat from the United States. If the French move to higher yielding but lower quality wheats for milling purposes, U.S. exports to France could expand.

U.S. sales of other products—like rice, citrus products, walnuts, prunes, dry beans and peas, and tobacco—will depend in large part on U.S. ability to supply high-quality products.

## Farm Policies

The future direction of French agriculture and trade—including imports of and competition with U.S. farm products—hinges to a great extent on the farm policies of the EC.

Other EC members take around 65 percent of France's agricultural exports. And the growth in its exports since 1967 has come largely in these EC markets. Thus, U.S. efforts to maintain and improve access to the European Community—the top regional market for U.S. farm products—are seen by the French Government and farm leaders as being in direct opposition to their export interests. Accordingly, the French are the strongest and most influential supporters of the EC positions thus far taken on agriculture in the MTN negotiations in Geneva.

The major features of French agricultural policy are:

- Strong support of the EC-CAP system of support prices and market regulations; and
- National policies to encourage—through use of various grants and subsidized credit—selective development of beef and certain other products. The goal here is to achieve a positive and growing trade balance in agriculture to offset escalating costs of petroleum, virtually all of which must be imported.

There are no signs of marked changes in these policies. The French have taken some unusual steps in the last 2 years to give direct payments as farm income supplements. But both French officials and farm leaders call these grants emergency actions, rather than a basic change from reliance on price supports as the major device for implementing agricultural policies.

France, in general, puts much greater stress on stability of agricultural prices than the United States and is wary of too great a dependence on the operations of market forces in setting prices. The influence of the Chicago grains market on world prices is viewed with particular alarm. The French feel that international, as well as internal, markets should be "organized" and subject to supervision and control by international agreements. Special social problems of agriculture are cited as the rationale for extensive Government participation in agriculture.

A rallying point for this policy viewpoint came in mid-1973 following the United States brief imposition of export controls on soybeans and soybean meal. In practically every public discussion of agricultural policies since mid-1973, there have been references to the U.S. "embargo" and thus the unacceptability of depending so heavily on the United States for a critically needed farm product.

*Continued on page 12*

# Worldwide, U.S. Food–Price Rise Was Smaller Than Most

FOOD PRICE indexes for 13 countries were higher in January than in December. Only Canada experienced a decrease (0.2 percent). The January index for Argentina was not available.

The increase in the U.S. index was 0.1 percent—the smallest among 14 countries where food prices have been trending up.

On a yearly basis, food prices in nine countries reflect double-digit inflation, while single-digit inflation is apparent in six.

Copenhagen's food prices jumped by 5-29 percent on items included in the FAS shopping basket, mainly as a result of an increase in the Danish value-added tax from 5 percent to 15 percent.

Price increases in Buenos Aires were not far behind those in Copenhagen, with rises recorded for 13 of the 19 foods surveyed in the Argentine capital.

However, prices of two items remained steady, and apple prices declined because of plentiful supplies.

Despite the seasonal factors influencing prices of some food items in Buenos Aires, the dramatic increases in most food prices in that capital are a reflection of rampant inflation.

In London, prices have stabilized in recent weeks as a result of Government restrictions that limit price increases to 5 percent for 6 months.

These controls affect only about half of the items in the FAS food basket, but they are far reaching in that they apply also to nonfood consumer items and are expected to affect the country's consumer price index to a significant degree.

Sweden on February 27 extended its price freeze to include canned meat and vegetables, frozen foods, jam, marmalade, fruit syrup, mustard, and baby foods.

Prior to February 27, Sweden's price control program had been confined mostly to such basic foods as beef, pork, sausage, milk, and cheese. Prices of the items added to the control program in that country have increased 15 to 50 percent during the past 2 years.

In the European Community (EC) and in some other countries, prices of milk and dairy products have increased steadily since November. Many consumers, searching for lower priced products, have substituted margarine for butter. Reflecting this trend, margarine is now included in the FAS price survey. Canned ham has been omitted.

A serious shortage of potatoes is being experienced in EC countries. Potato production during 1975 in those countries is estimated to be 8 million tons less than in 1974.

In view of this shortage, the EC Council has suspended the 18 percent tariff on potatoes, and in Sweden the Government has authorized a higher ceiling price for potatoes.

In Canberra, meat prices have remained fairly stable since the previous

FOOD PRICE INDEX CHANGES IN SELECTED COUNTRIES

| Country | Latest month | Index 1970=100 | Percent change from | | |
|---|---|---|---|---|---|
| | | | Prev. month | Three months | One year |
| Argentina | December | 2,460.6 | +25.5 | +55.9 | +348.9 |
| Australia | January | 170.1 | + 3.0 | + 4.7 | + 13.5 |
| Belgium | January | 154.6 | + 1.8 | + 4.9 | + 14.8 |
| Brazil | January | 330.7 | + 4.5 | + 8.1 | + 27.7 |
| Canada | January | 168.7 | − .2 | − .3 | + 8.4 |
| Denmark | January | 168.0 | + 1.6 | + 3.2 | + 6.7 |
| France | January | 167.5 | + .9 | + 2.1 | + 11.7 |
| Germany | January | 133.3 | + 1.2 | + 2.1 | + 5.4 |
| Italy | January | 182.5 | + 1.2 | + 3.0 | + 11.1 |
| Japan | January | 188.3 | + 2.4 | − .5 | + 9.7 |
| Mexico | January | 195.0 | + 1.2 | + 2.5 | + 11.1 |
| Netherlands | January | 145.5 | + .8 | + 1.5 | + 7.5 |
| Sweden | January | 159.7 | + 2.0 | + 2.0 | + 13.6 |
| United Kingdom | January | 229.2 | + 2.8 | + 7.2 | + 25.4 |
| United States | January | 157.4 | + .1 | + 1.0 | + 5.9 |

Source: U.S. Agricultural Attaches.

SURVEY OF RETAIL FOOD PRICES IN SELECTED WORLD CAPITALS, MARCH 3, 19
[In U.S. dollars per lb.[1] converted at current exchange rates]

| City | Steak, sirloin, boneless | Roast, chuck, boneless | Pork chops | Bacon, sliced, pkgd. | Broilers, whole | Eggs, dozen | Milk, whole, quart | Cheese: Edam, Gouda, or Cheddar | Butter | Margarine | Oil, cooking, quart | Tomatoes | On ye |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Bonn | 4.16 | 2.99 | 2.35 | 3.16 | 0.78 | 0.85 | 0.42 | 1.71 | 1.55 | 0.66 | 1.37 | 0.56 | 0. |
| Brasilia | .72 | .47 | 1.06 | 2.63 | .53 | .74 | .20 | 1.15 | 1.16 | .45 | .82 | .24 | |
| Brussels | 3.80 | 2.00 | 1.98 | 1.34 | 1.12 | 1.12 | .39 | 1.79 | 1.61 | .69 | 1.25 | .97 | |
| Buenos Aires | .85 | .35 | .73 | (2) | .26 | .95 | .16 | .95 | .85 | (2) | 1.62 | .25 | |
| Canberra | 1.72 | .72 | 1.83 | 2.66 | 1.04 | 1.15 | .41 | 1.42 | 1.10 | .71 | 1.53 | .75 | |
| Copenhagen | 4.56 | 2.13 | 2.64 | 2.48 | .92 | 1.19 | .38 | 1.37 | 1.50 | .46 | 1.82 | 1.10 | |
| London | 2.80 | 1.52 | 1.66 | 2.15 | .57 | .87 | .28 | 1.05 | .81 | .61 | 1.28 | .69 | |
| Mexico City | 1.45 | 1.30 | 1.45 | 1.88 | .98 | .86 | .30 | 3.62 | 1.98 | 1.03 | 1.40 | .16 | |
| Ottawa | 2.00 | .99 | 2.07 | 1.66 | 1.00 | .94 | .55 | 1.67 | 1.08 | .92 | 1.66 | .60 | |
| Paris | 2.98 | 1.71 | (2) | 2.14 | .73 | 1.22 | .34 | 1.64 | 1.66 | (2) | 1.22 | .57 | |
| Rome | 2.85 | 2.00 | 1.94 | 1.82 | .96 | 1.13 | .32 | 1.40 | 1.62 | .68 | .81 | .51 | |
| Stockholm | 5.01 | 2.80 | 2.30 | 3.00 | 1.43 | 1.49 | .31 | 1.94 | 1.38 | .96 | 4.24 | 1.32 | |
| The Hague | 3.37 | 2.11 | 2.19 | 3.13 | .72 | 1.03 | .32 | 1.68 | 1.35 | .51 | .85 | .64 | |
| Tokyo | 14.80 | 5.45 | 3.04 | 3.56 | 1.07 | .96 | .73 | 2.61 | 2.04 | (2) | 1.61 | 1.03 | |
| Washington | 1.86 | 1.26 | 2.16 | 1.90 | .58 | .75 | .47 | 2.01 | 1.20 | .68 | 1.69 | .68 | |
| Median | 2.85 | 1.71 | 2.03 | 2.32 | .92 | .96 | .34 | 1.67 | 1.38 | .68 | 1.40 | .64 | |

[1] Or other indicated unit of measure. [2] Not available. Source: U.S. Agricultural Attachés.

survey. Beef prices are not expected to show much change at the retail level over the next few months because of the large supplies that have resulted from a reduced level of exports.

Brasilia and Ottawa reported declines in beef prices, reflecting abundant supplies accumulated during the slaughter season.

In Canberra, bread prices were higher by 2 Australian cents per loaf than in the previous survey, bringing the total increase in Australian bread prices to 8 cents over the past year.

—SIDONIA R. DICOSTANZO, FAS

### *Availability, Quality Vary*

Food prices are reported by U.S. Agricultural Attachés in 14 commercially important world capitals as of the first Wednesday of every other month. Prices are converted on the basis of actual exchange values on the date of the survey, and these conversions affect comparisons between time periods.

The objective of this report is to obtain representative prices in other countries of items normally purchased by U.S. consumers. However an exact comparison is not possible because the quality and availability of specific items vary greatly among countries. An attempt is made to maintain consistency in the items and outlets sampled, but these are not necessarily representative of those in the reporting countries.

Food price indexes are reported from official government sources.

, 1976

| Onions, yellow | Potatoes | Apples | Oranges, dozen | Bread, white, pkgd. | Rice | Sugar |
|---|---|---|---|---|---|---|
| 0.30 | 0.24 | 0.18 | 1.22 | 0.28 | 0.61 | 0.25 |
| .24 | .19 | .51 | .38 | .36 | .23 | .12 |
| .23 | .14 | .34 | .94 | .28 | .40 | .28 |
| .10 | (²) | .16 | .66 | .26 | .15 | .24 |
| .32 | .19 | .32 | 1.37 | .40 | .34 | .16 |
| .43 | .22 | .37 | 1.55 | .55 | .46 | .27 |
| .25 | .26 | .39 | 1.52 | .20 | .36 | .23 |
| .16 | .22 | .78 | .27 | .31 | .38 | .08 |
| .25 | .15 | .50 | 1.00 | .33 | .54 | .28 |
| .30 | .10 | .20 | 1.48 | .45 | .41 | .27 |
| .23 | .21 | .17 | .74 | .34 | .28 | .26 |
| .62 | .20 | .40 | 1.37 | .84 | .59 | .32 |
| .23 | .17 | .17 | .81 | .25 | .37 | .26 |
| .35 | (²) | .71 | 5.43 | .41 | .39 | .42 |
| .26 | .20 | .35 | 1.38 | .48 | .35 | .26 |
| .25 | .20 | .35 | 1.22 | .34 | .38 | .26 |

# Spain's Imports Of Oilseeds Hit New High

STEADILY mounting demand for protein feeds by Spain's broiler and hog industries pushed the country's imports of oilseeds—mostly soybeans from the United States—to a record height in 1974/75.

The import level is expected to be even higher in 1975/76, despite steadily rising domestic oilseed output.

Spain's oilseed imports in 1975/76 are expected to rise by 22,700 tons to 1,770,500 tons. The expected increase in oilseed imports will be mainly from soybean imports, projected at 1,750,000 tons, compared with 1,730,000 tons in the preceding season.

As a result of the sharp increase in domestic edible oil output, imports in the current marketing season are projected at only 40,000 tons (of which 15,000 will be soybean oil) compared with 116,200 tons in 1974/75.

Spain's edible oil exports in 1975/76 are projected at 183,000 tons, of which 100,000 tons are olive oil and 70,000 tons are soybean oil—55 percent above the export level of the previous marketing season. However, these projections may be somewhat optimistic, particularly for olive oil.

Despite increased domestic output, imports of seed meals in the 1975/76 season are expected to rise to 277,000 tons, of which 230,000 tons will be soybean meal—24 percent above the 1974/75 level. This projection is based on an assumed increased demand, particularly by the broiler and hog industries, and the limited crushing capacity to produce greater volume of meal.

Spain's imports of oilseeds—mostly soybeans—in 1974/75 totaled a record 1,747,800 tons, exceeding the 1,437,700 tons imported in 1973/74 by 21 percent. Soybean imports in 1974/75 were 1,730,000 tons, a gain of 22 percent from the 1,417,000 tons of 1973/74. The United States supplied over 60 percent of total soybean imports in 1974/75.

Imports of edible oils (about two-thirds sunflower oil) rose to 116,200 tons, an increase of 83,000 tons from the previous season's total of only 33,200 tons. Romania and the USSR were the principal suppliers of sunflower oil in 1974/75. The United States was the leading supplier of soybean oil.

Imports of vegetable protein meals in 1974/75 were 222,500 tons—44.5 percent below the 400,500 tons imported in 1973/74. The reduction was caused by a sharp increase in domestic output. Over 80 percent of these imports consisted of approximately equal shares of soybean meal from the United States and Brazil.

Spain's 1975/76 oilseed acreage is estimated at a record 752,300 hectares, 23 percent larger than in 1974/75, but drought and heat probably have held the outturn to 476,900 metric tons, only 3 percent larger than in 1974/75.

Sunflowerseed acreage in 1975/76 was 41 percent larger than in 1974/75. Cottonseed, soybean, and safflowerseed areas declined. Peanut acreage was 8 percent larger than in the previous year.

*"... Spain's soybean imports in 1974/75 were 1,730,000 tons, a gain of 22 percent from the 1,417,000 tons of 1973/74."*

As a result of the increase in olive and sunflower oil production, aggregate edible oil output (olive, sulfur, cottonseed, soybean, peanut, sunflower, and safflower) from all sources is expected to increase in the current marketing season to about 911,700 tons, 15 percent greater than in 1974/75.

Spain's production of vegetable protein meals (cottonseed, soybean, peanut, sunflower, and other vegetable seeds) in 1975/76 is projected to reach 1,571,300 tons, an increase of about 1 percent from the 1,556,000 tons produced in 1974/75. Soybean meal output probably will total about 1,394,300 tons—about the same as the quantity produced in the previous season.

—Based on report from *Office of U.S. Agricultural Attaché, Madrid*

# Philippine Sugar Output, Exports To Rise in 1975/76

ALTHOUGH MANY Philippine sugar producers have lost some of their enthusiasm for the crop, 1975/76 output and exports of centrifugal sugar are expected to reach, or be near, record levels, Glenn R. Samson, U.S. Agricultural Attaché, reports from Manila.

Centrifugal sugar production in the 1975/76 sugar year (September-August), is expected to reach 2.75 million short tons (commercial weight), up slightly from the 1973/74 record of 2.69 million tons. Sugar production in 1974/75 was 2.63 million tons, 2 percent less than the previous year's outturn.

Harvested area in 1974/75 is officially estimated at 516,000 hectares (1 ha = 2.471 acres), but there is some belief this figure, released by the Philippine Sugar Institute, is too high, according to Samson.

Ground cane totaled 24.6 million metric tons, compared with 26 million tons in 1973/74. Cane yields averaged 47.7 metric tons per hectare in 1974/75, compared with 56.8 tons in 1973/74. The sugar yield averaged 215 pounds per metric ton of cane in 1974/75 versus 208 pounds in 1973/74, the Attaché said.

Reduced fertilizer applications resulting from high prices, are probably responsible for the lower cane yields. Rain in the major cane areas was fairly uniform throughout most of the year and probably contributed to the reasonably good sugar yield rate recorded in 1974/75.

The outlook in 1975/76 is for a small increase in sugar production on a larger hectarage. Output is expected to be about 2.75 million short tons (commercial weight), and planted area is estimated at 525,000 hectares.

Loss of producer fervor probably resulted from continued high domestic fertilizer prices and a drop in world sugar price. Also influencing production was a 1974/75 cut by the Philippine Government in the composite farm price from 14.6 U.S. cents per pound to 10.5 cents.

There are no official data on the 1974/75 production of nonconcentrifugal sugar but the Attaché estimates output was 60,000 metric tons from 20,000 hectares, about the same as the previous year's. Production in 1975/76 is forecast to remain about the same as the previous years.

Molasses production during 1974/75 is preliminarily estimated at 890,000 metric tons, 7 percent less than the outturn in 1973/74. Molasses yields were also down sharply in 1974/75 even though the purity rate was up, Attaché Samson declared.

Philippine exports of centrifugal sugar in 1974/75 totaled 1,488,981 short tons (commercial weight). Shipments by destination, in short tons, were: Japan, 692,054; the United States, 569,516; the United Kingdom, 80,463; Iran, 44,665; Finland, 34,171; Morocco, 16,352; and the People's Republic of China, 11,760.

Exports during the 1975/76 crop year are forecast at 1.7 million short tons (commercial weight), near the previous record of 1.725 million tons in 1972/73.

From September 1 through December 31, 1975, Philippine sugar exports totaled only 161,500 tons, with two-thirds going to Japan.

Larger exports had been anticipated for 1974/75 but instead the Philippines allowed stocks to grow from 559,000 tons on September 1, 1974, to a record of 785,000 tons a year later. The Government appears to be unwilling to export more sugar than is necessary to fulfill its obligations at current world prices.

Stocks on August 31, 1976, are expected to reach about 835,000 short tons (commercial weight), but could be larger. As of January 31, 1976, they had reached about 1.3 million tons but may be reduced by later exports.

When world prices reached high levels in 1974, the Philippines stopped shipping sugar, hoping export prices would rise still more. Even as they began to drop in the latter part of 1974, the Government continued its policy of storing sugar in anticipation that the downtrend would soon be reversed. Exports were increased only after the Government realized that it had to move sugar into export or the 1974/75 production, plus that in storage, would overwhelm the country's storage capacity, Attaché Samson noted.

During peak production of the 1974/75 crop, total stocks exceeded the 1.2-million-ton mill-storage capacity. By April 1975, mills were forced to bag raw sugar and store it in schoolhouses, public auditoriums, gymnasiums, pelota courts, and even on public roads and terminal parking lots. Exports have since drawn stocks down to a more manageable level, but the Government's decision to export now seems to hinge on the availability of storage space for new production rather than on world prices.

However, as of January 1976, deterioration of 1974/75 crop raw sugar had become a major problem. The Philippines National Bank (PNB) reportedly has about 450,000 tons of old sugar located primarily in the major sugar growing areas of Panay, Negreos, and Leyte.

The Attaché estimates that 400,000 tons of this old sugar is not exportable in its current condition. Substantial discoloration and a reduction in the sugar's polarity will require some of the sugar to be refined for domestic use and some to be reprocessed for export and/or domestic use. The weight loss resulting from reprocessing this sugar will amount to about 15,000 tons.

Further deterioration of both old and new crop sugar may occur unless more sugar is exported or additional permanent storage facilities are built.

SUGAR CONSUMPTION in the Philippines—now at about 80,000 tons a month—seems to be on an uptrend, spurred by a rising population, larger sugar stocks, and favorable, controlled domestic prices. Practically all of the native noncentrifugal sugar produced is consumed locally.

Sugar withdrawn from stocks and presumed to be consumed during 1974/75 amounted to 964,434 short tons. This compares with 903,470 tons in 1973/74 and 872,705 tons in 1972/73.

Based on available data, molasses consumed during 1973/74 is estimated at 250,000 metric tons, 20,000 tons or 8 percent less than in the previous year. Usage by distilleries in the manufacture of alcohol is estimated at 120,000 tons. Other domestic uses, including animal feed formulation, is estimated to be 130,000 tons.

# Brazil Hopes For Rebound In Wheat

IN THE aftermath of one of its smallest wheat harvests in recent history, Brazil will be making an all-out production effort this year—a comeback that with good weather could boost output to 4-5 million metric tons, or roughly three times the reduced 1975 crop.

Meanwhile, the country is compensating for the 1975 shortfall with wheat imports this year (Oct.-Sept.) of 3.7 million tons or more, the largest share of this coming from the United States.

To bring the hoped for production recovery, the Brazilian Government has set aside a reserve of 460,000 tons of seed (including 14,000 tons imported from Mexico and the United States) for planting during April-June.

This amount is 100,000 tons more than last year's reserve and enough to plant about 4.1 million hectares (1 hectare = 2.471 acres)—30 percent above last year's planted area.

With good weather, such an area could yield a crop of 5 million tons, or close to the wheat self-sufficiency long sought by Brazil.

More likely, however, is a planted area of around 3.3 million hectares and a harvest of 4 million tons. As usual, Rio Grande do Sul and Paraná States will account for the bulk of production, with their crops estimated at 2 million and 1.5 million tons, respectively.

A new technological factor that could boost average wheat yields in Brazil and help avoid disasters like the 1975 harvest is the increased use of agricultural fungicides.

The high humidity in Rio Grande do Sul and Paraná promotes growth of rust and other diseases with resulting lower yields and quality.

This climate-related problem can be alleviated with the use of fungicides, and according to some sources, boost yields from the current average of 1,200 kilograms per hectare to 1,600. And yields could go still higher, since plants protected by fungicides can utilize more fertilizer.

While use of fungicides in Brazil is apparently economic, the high costs of the chemicals and equipment still discourage many producers. To offset this problem, the Federation of Wheat and Soybean Cooperatives (FECOTRIGO), has begun a campaign to have the Government subsidize the use of fungicides on wheat.

Brazil's 1975 wheat crop, harvested last October-December, has been tentatively estimated at 1.48 million tons by the Bank of Brazil—the sole purchaser of the crop. The crop, which is only about 40 percent of forecasts made at planting time, suffered from the severe frosts in July and excessive rains during August-October. The latter contributed to fungus and insect attacks.

In response to the crop setback, Brazil has greatly boosted its imports of wheat this year. The Wheat Board, which is Brazil's import agency, has said that these purchases may reach 3.8 million tons. However, indications are that actual imports will be closer to 4 million tons in fiscal 1976, compared with 2.0 million purchased in 1975.

As usual, the United States will be one of the largest suppliers. It is currently expected to ship around 2.8 million tons in fiscal 1976, compared with 700,000 last year.

In addition, Canada is expected to supply 500,000 tons in April-July to fulfill part of a long-term government-to-government agreement. Under this agreement, Brazil has the option to purchase another 300,000 tons of Canadian wheat during 1976.

Also, Brazil has just bought 40,000 tons of wheat from France, first such purchase since 1968.

Finally, the Argentine National Grain Board is committed to ship 490,000 tons during December 1975-March 1976. This wheat was purchased by Brazil on tender. Argentina is believed unlikely, however, to offer much, if any, more wheat for 1976 delivery.

To guard against steep price increases later in the year, the Wheat Board is reportedly importing heavily during the first half of 1976.

On the domestic front, the country expects a 9.6 percent increase in food consumption of wheat to 4,850,000 tons. The big gain reflects, among other things, the large consumer subsidy on wheat, which has caused the price of bread and other wheat products to decline recently relative to other staple foods. —Based on dispatch from

EDMOND MISSIAEN,
*Assistant U.S. Agricultural Attaché, Brasilia*

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## Rice Production and Trade Data Provided by Iran

The Embassy of Iran has provided official figures for Iranian rice production and trade which are different from those published in the November 10, 1975, issue of *Foreign Agriculture*. The Iranian figures:

"According to information received from the Ministry of Agriculture and Natural Resources, the correct production figures (for 1974 and 1975) are 850,000 tons and 1,050,000 tons, respectively.

"The official Iranian trade statistics put total rice imports from the United States for the first 9 months of (1974) at 162,000 tons.

"The Ministry estimates that imports of rice in 1975 will total only 400,000 tons. Taking into account the stock from previous years, Iran's net imports of rice (in 1975) will be between 150,000 and 200,000 tons."

# Thailand's Future as Rice Exporter Questioned

By SUPAT WIBULSETH
*Office of the U.S. Agricultural Attaché*
*Bangkok*

DESPITE A STRONG demand for rice on international markes, such problems as rising production in some traditional Thai rice importing countries, increasing competition in world markets from other exporters, and—to a much lesser degree—high domestic food prices that tended to boost consumption of rice alternatives, caused Thailand to end the 1975 marketing year with a sizable rice carryover that could complicate the country's 1976 export program.

But even more important to the Thai economy, however, are the factors that may reduce Thailand's importance as a rice exporter by 1990. The general solution to this long-term dilemma may lie in a decrease in some forms of domestic consumption rather than increased production, although higher output could also play its part.

A major drop in Thailand's rice exports could be catastrophic since rice is the most important item in Thailand's foreign trade and in some years has provided as much as 25 percent of total export earnings. Government revenues also depend strongly on the rice trade as the Royal Thai Government levies a number of taxes against rice exports.

The unrest following World War II and the subsequent conflict in the Far East helped Thailand to strengthen its standing as a rice exporter. But the recent end of the conflict in Southeast Asia will probably permit reemergence of Vietnam and Cambodia as rice exporters and stiffen the competition Thailand must face in the future.

Most of Thailand's rice exports go to its Far East neighbors. In 1975, Hong Kong took 122,250 tons [1] of milled Thai rice; Sri Lanka, 101,500; Singapore, 102,800; India, 142,260; the Philippines, 70,980; and countries of Africa, about 70,000.

In 1976, Thai rice exports are expected to be about 1.3 million tons (milled), 30 percent greater than those of 1974 and 1975. But with an estimated carryover of 500,000 tons of milled rice from the 1974/75 crop, plus 1.5 million tons from the record 1975/76 production, Thailand will have to find new markets if it is to sell all or most of its nearly 2-million-ton surplus in 1976.

The large size of this stock will tend to depress domestic rice prices in 1976 and, under normal market conditions, would have a dampening effect on production. But the Thai Government's goal is to pay a high guarantee price to farmers and this will probably induce them to plant a larger rice area in 1976. Thus production will probably rise again. If local consumption remains unchanged, production growth in the immediate future will make it even more imperative to further increase rice exports or else Thailand will see its short-term rice surpluses continue to rise.

Over the longer period, however, population growth and other pressures will cut into these surpluses and Thailand may find itself unable to meet its milled rice export target of about 1 million tons a year by the 1990's.

To produce sufficient rice to meet both domestic and export needs over the years, Thailand has regularly increased the area under rice cultivation. As a consequence, the size of the rice crop has been on a general uptrend for the past 15 years, rising at a more or less fixed rate.

Thailand harvested a record rough rice crop of 14.5 million tons in 1974 and production is expected to reach a new peak in excess of 15 million tons in 1975. Production in the past 3 years has been over 14 million tons of rough rice with each succeeding crop—following the monsoon failure in 1972—setting a new record. Adequate rain last year combined with sufficient fertilizer stocks during the planting season and increased area will all contribute to a 1975 record.

Production in 1976 is expected to continue at over 14 million tons (rough) but meeting the 1990 export target by continuing to boost production may not be possible because of a shortage of additional land suitable for rice production, relatively limited use of inputs, and a lack of technical know-how by many farmers whose yields are low. Should Thailand be willing to pay the price required to remain a major rice exporting country after the next 10-15 years, it will have to cut domestic per capita rice consumption. At present this stands at 1 pound per day per person, an inflated figure that also includes rice cooked in the home for animal feed.

[1] All tons are metric.

*Thai girls, left, transplant nursery-grown rice seedlings in a flooded field. Typical Thai market stall, below, with baskets of rice and other goods on display. Thailand's future as a rice exporter hinges on changes being made in its consumption patterns.*

Daily use could probably be reduced considerably by shifting from rice for animal feed to corn or grain sorghum, both of which are grown commercially.

To change the consumption habits of humans and animals would take considerable time to achieve. But it would enable Thailand to continue as a leading rice exporter—at least for the next decade.

An increase in yields may also be necessary.

More than 80 percent of Thailand's total output of rice is consumed domestically. The Government has the general policy of satisfying domestic consumer needs first, particularly in the Bangkok metropolitan market. Any rice that is left over after meeting this demand is exported. But the Government's need for foreign exchange is also a powerful element in setting export goals.

Thailand's rice output consists of both glutinous and nonglutinous types. Production of the former accounts for one-third of annual production, the latter for the balance.

Nearly all glutinous rice is consumed domestically, mainly in the north and upper regions of northeast Thailand. Nonglutinous rice is Thailand's major export rice but is also consumed domestically by the majority of the populace. It is grown in a region extending from the lower half of the northeast region to the Central Plains.

Rice is grown throughout Thailand on 70 percent of the cultivated area with more than 20 million acres planted in 1975. The largest producing area is in the Central Plain, which accounts for 47 percent of the country's total area under rice. The next most important zone is the northeast region, accounting for 38 percent of the country's total rice area.

As in many other rice producing countries, Thailand's rice crop depends on monsoon rains. When there is adequate precipitation, rice production per acre fluctuates little from the long-term average. So that rice farmers can benefit further from the monsoon rains—most of which run off in short order—irrigation and flood control projects are being built in the Central Plains. Now, less than 10 percent of Thailand's rice area is irrigated on a steady basis.

Extension programs that are more responsive to the needs of the farmers and geared to increased rice production —including farmer training programs —are necessary to enable Thai producers to react to the changing technical problems that will demand more intensive land use and increased per-acre production.

However, agricultural development programs require long-term planning and a considerable time to effect, and since Thailand's arable land is limited, programs to increase rice production and yields should be started immediately.

Capital investments are also neeled to develop fertilizer and chemical plants, new rice varieties and better grades of seed, and more efficient control of water and irrigation.

# Polish Rapeseed Crop Peaks, Oilseed Imports To Continue

Poland in 1975 surmounted some mid-season problems to harvest a record rapeseed crop, estimated at 707,000 metric tons for a 35 percent gain from 1974's. Some further growth is planned for 1976, indicating Poland's determination to maintain adequate supplies of edible oil and oilcake and meal through increased domestic production and imports. Imports of oilseeds and products have increased in recent years.

Accounting for the jump in rape production last year was a 13 percent gain in yield on harvested area that reportedly rose 20 percent to 309,000 hectares (1 hectare = 2.471 acres). The yield gain came even though weather at times threatened to reduce output, with unfavorable conditions ranging from excessive moisture at planting time—which prevented harvesting of some 40,000 hectares—to an unusually dry summer.

On the other hand, insect control was reportedly better than in previous years. Infestations by the seedpod beetle, for instance, were down to about 6 percent from 6.5 percent in 1974.

Plantings of the 1976 crop were planned at 340,000 hectares—a level that no doubt was met. Sowings of this crop began 2 weeks earlier than for 1975's, a headstart that is supposedly beneficial to rapeseed. These began during the first week of August and were largely completed by month's end.

Poland's demand for imported oilseeds and cake and meal, which has been strong in the past few years, is the result of improved and expanded livestock feeding. Need for such imports remains, as witnessed by a Polish official's statement in a trade publication that the country would be having a continued interest in ". . . soy and peanut meal, linseed cake, soybean, technical tallow, and . . . vegetable oils."

The United States is a major supplier of oilseed products, shipping soybeans and soybean meal, plus much of the technical tallow imported by Poland. However, U.S. soybean sales have dipped from the peak levels of 1973, when a record 148,000 tons of soybeans and 312,000 of soybean meal were exported to Poland.

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# Saudi Arabia's Wheat Output Up

Saudi Arabia's increased plantings of high-yield varieties have boosted the country's wheat production substantially.

The 1975 wheat harvest was more than double that of 1974—193,000 tons, compared with 90,000 tons.

In March 1975, the heaviest rainfall in 60 years helped supplement water supplies for wheat fields in the Asir highlands and irrigated areas near Riyadh and Burayda.

Area planted to high-yield varieties of wheat increased from about 2,000 hectares in 1974 to about 10,000 hectares in 1975, when the total area harvested was about 50,000 hectares.

Plantings of high-yield varieties of wheat in 1975/76 for harvest during April-June 1976 probably exceed 12,000 hectares. Total area planted in wheat remained about the same this season.

Government subsidies equal to about 7 U.S. cents per kilogram (about $70 per ton) encourage most farmers to sell their wheat in the market rather than keep supplies for household use.

Statistics collected by the Ministry of Agriculture and Water on subsidy payments in each amarite (county) indicate that dramatic gains in wheat production have occurred in north central Saudi Arabia.

Saudi farmers obtain fertilizer for less than $40 per ton. Government subsidy payments include 50 percent of the retail price for fertilizer, 45 percent of the cost of machines to distribute fertilizer, and several other benefits.

Saudi farmers harvest more than 6 tons of wheat per hectare from high-yield varieties—more than triple average yields for high-yield varieties in south Asia. They use much more fertilizer per hectare and receive higher prices, usually more than $5.50 per bushel.

Saudi Arabia's imports of wheat flour have continued upward, despite the strong rise in domestic wheat output. Imports of wheat flour increased from 190,000 tons in 1973 to about 400,000 tons in 1975. Wheat imports increased from 77,000 tons in 1973 to about 140,000 tons in 1974, with arrivals from Australia rising from 27,300 tons to 119,000 tons.

Australian shipments of wheat to Saudi Arabia fell to 54,000 tons in 1975, but exports of U.S. wheat resumed with deliveries of 12,000 tons. Additional shipments of about 30,000 tons of wheat were expected in the first quarter of 1976.

Total use of wheat and flour in Saudi Arabia in 1976 is likely to reach 850,000 tons (wheat equivalent), more than double the level recorded 5 years ago.

In addition to imports of wheat flour and wheat valued at more than $125 million annually, Saudi Arabia imports about $25 million worth of bakery products.

—JOHN B. PARKER, JR., ERS

## France's Agriculture

*Continued from Page 5*

Security of supplies, as well as markets, is termed essential, and Brazil's emergence as a leading soybean producer has been welcomed as an opportunity to diversify sources of supply. Reflecting this attitude, Brazilian cooperatives are stockholders in a new oilseed processing plant now under construction in France and will have first preference in supplying soybeans to this plant. However, they will not necessarily be the sole supplier.



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